CCNB
COASTAL CAROLINA
NATIONAL BANK

The Honorable Tim Scott
Chairman
Senate Committee on Banking, Housing, and Urban Affairs
United States Senate
104 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Elizabeth Warren
Ranking Member
Senate Committee on Banking, Housing, and Urban Affairs
United States Senate
311 Hart Senate Office Building
Washington, D.C. 20510

Dear Chairman Scott and Ranking Member Warren,

On behalf of Coastal Carolina National Bank in South Carolina, I write in support of the Renewing Opportunity in the American Dream (ROAD) to Housing Act. Expanding housing supply and improving affordability are important priorities for our state and our nation. **As the Committee continues its work, we respectfully urge you to include the Keeping Deposits Local Act (S. 2757) in the final package.**

For community banks like ours, competitiveness and access to stable funding are essential to serving our customers. We compete against much larger institutions, yet our strength is relationship banking, working closely with local families, small businesses, and homebuilders who depend on us for consistent, long-term support.

Reciprocal deposits are central to that model. They allow customers to receive access to higher levels of FDIC insurance coverage while keeping their funds in local community banks. These are not rate-driven or brokered funds; they are relationship-based deposits from customers who value both security and continued investment in their own communities. In our experience, they are among the most reliable funding sources available to a community bank.

Current law, however, imposes a rigid cap—the lesser of $5 billion or 20 percent of total liabilities—after which reciprocal deposits are classified as brokered deposits, regardless of their actual risk profile. Once that threshold is crossed, even a well-capitalized, well-managed institution can face restrictions that do not reflect the true nature of these funds and that put community banks at a competitive disadvantage.

The Keeping Deposits Local Act is a bipartisan bill introduced last year by Sens. Mike Rounds, R-SD, Mark Warner, D-VA, Katie Britt, R-AL, Bernie Moreno, R-OH, and Chris Van Hollen, D-MD. A House version of the bill was approved unanimously 51-0 by the House Financial Services Committee last year and included as a provision in the Housing for the 21st Century Act, which was approved by the House of Representatives earlier this month by a 390 to 9 vote.

The Keeping Deposits Local Act would modernize the regulatory framework for reciprocal deposits by replacing the inflexible cap with a more appropriate, liabilities-based standard. This is a prudent and measured reform that preserves strong supervision while recognizing the distinct character of reciprocal deposits. It better aligns regulation with risk.

Here in South Carolina, dependable local deposits directly translate into lending capacity. They support residential construction, mortgages for first-time homebuyers, and financing for small developers working to expand housing in coastal and rural communities. They also enable us to provide credit to small businesses and invest in local economic growth. When deposits remain local, so does opportunity.

Modernizing the treatment of reciprocal deposits is a practical adjustment that reinforces safety and soundness while ensuring community banks can compete on a more level playing field. As you negotiate with House lawmakers on a final housing package, we respectfully ask that the Keeping Deposits Local Act be included. Using this measure to strengthen community bank competitiveness will enhance the overall legislation's impact and ensure local institutions remain equipped to support safe, sustainable growth.

Thank you for your leadership and your attention to policies that strengthen both housing and community banking. We would welcome the opportunity to serve as a resource as you continue your work.

Sincerely,

Russell Vedder
Chief Financial Officer
Coastal Carolina National Bank
Myrtle Beach, South Carolina